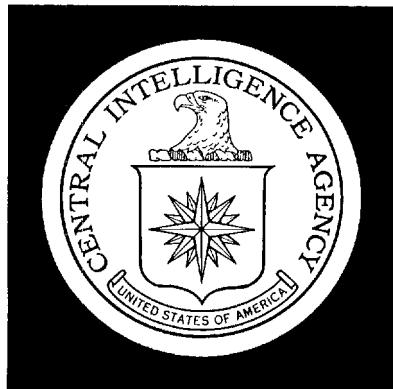


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Secret

DIRECTORATE OF
INTELLIGENCE

Central Intelligence Bulletin

Secret**No 041**

State Department review completed

24 February 1971

Approved For Release 2003/09/02 : CIA-RDP79T00975A018300090001-9

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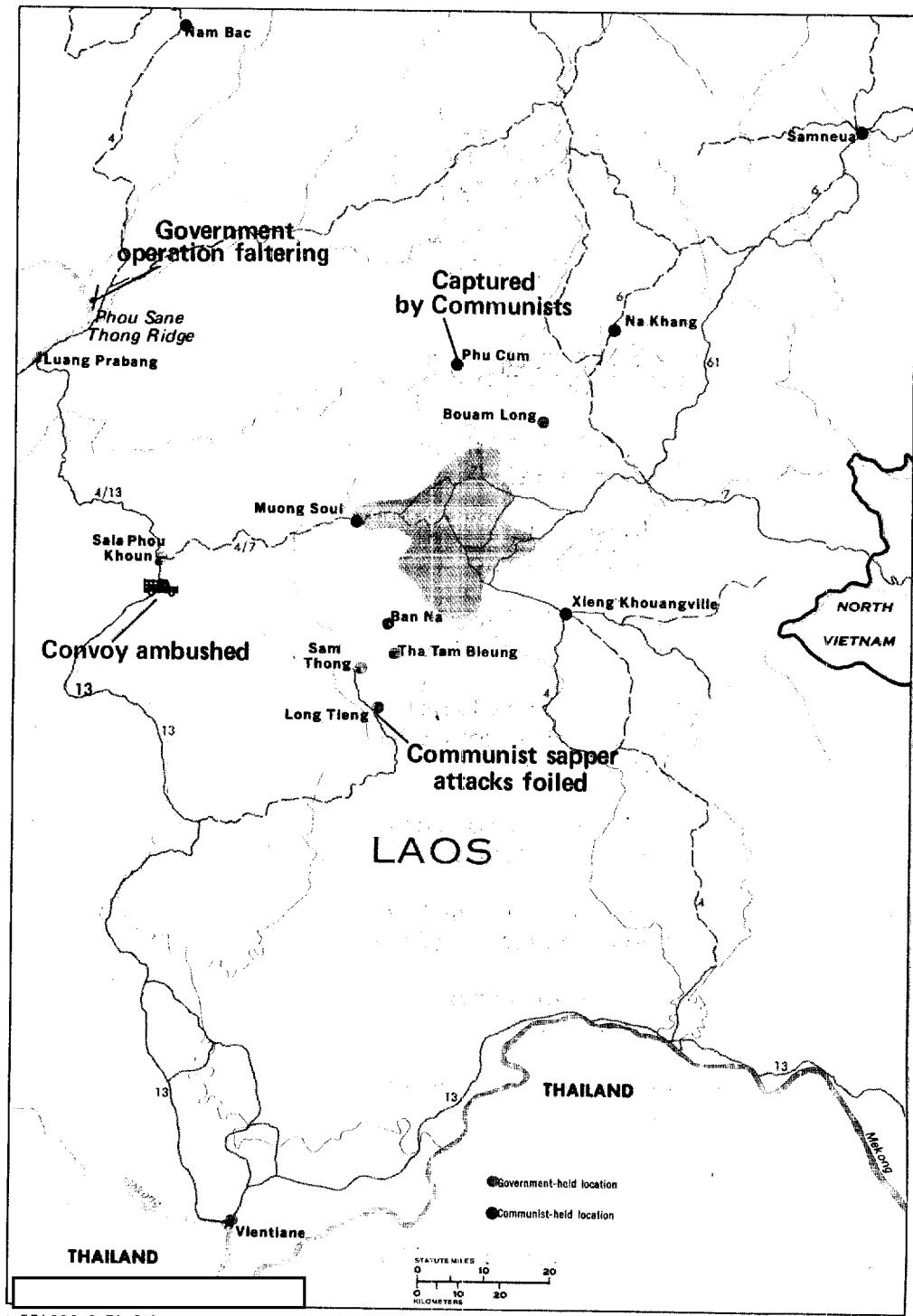
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NORTHERN LAOS - MILITARY: The military situation near the Plaine des Jarres continues to deteriorate.

On 23 February Communist units overran Phu Cum, some 30 miles northeast of Muong Soui. Phu Cum had been one of the last two government positions north of the Plaine, and its capture points up a continuing Communist effort to clear all pockets of government resistance in this area.

The remaining government position, Bouam Long, is strongly defended and does not appear to be the center of any major Communist force concentration at this time. It has been the object of increasingly frequent Communist probing attacks, however.

Communist main force units are still inching closer to the Long Tieng complex and are maintaining pressure on the base and its outposts. On 21 February ten North Vietnamese sappers were intercepted in the Long Tieng valley by local security forces. When spotted, the raiders were not far from the exposed T-28 ramp, a high priority target for the Communists who would like to knock out even a portion of General Vang Pao's critically needed local air support. Heretofore, the Communists have tried to reach positions in the hills overlooking Long Tieng that would give them a clear shot at the key base facilities, which are partially protected by rock outcroppings on the valley floor.

Further to the west of the Plaine, a small truck convoy on Route 13 was ambushed by the Communists near Sala Phou Khoun, killing two civilians. Route 13 between Luang Prabang and Vientiane is open, but a night curfew has been established.

The government, reflecting its concern about the military situation near Luang Prabang, has moved some 525 reinforcements into the general area to

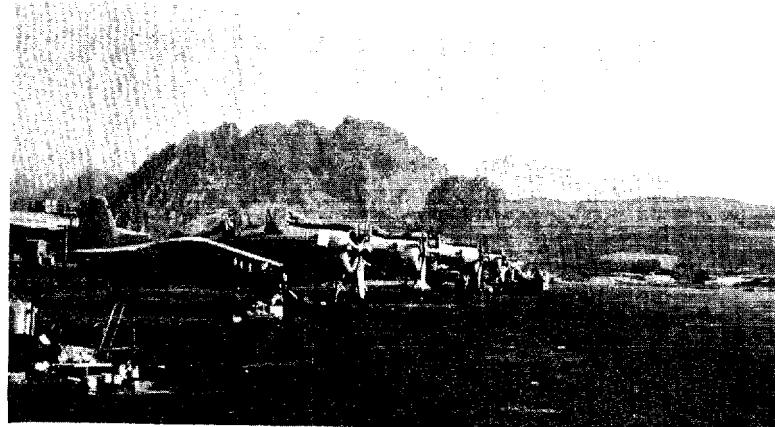
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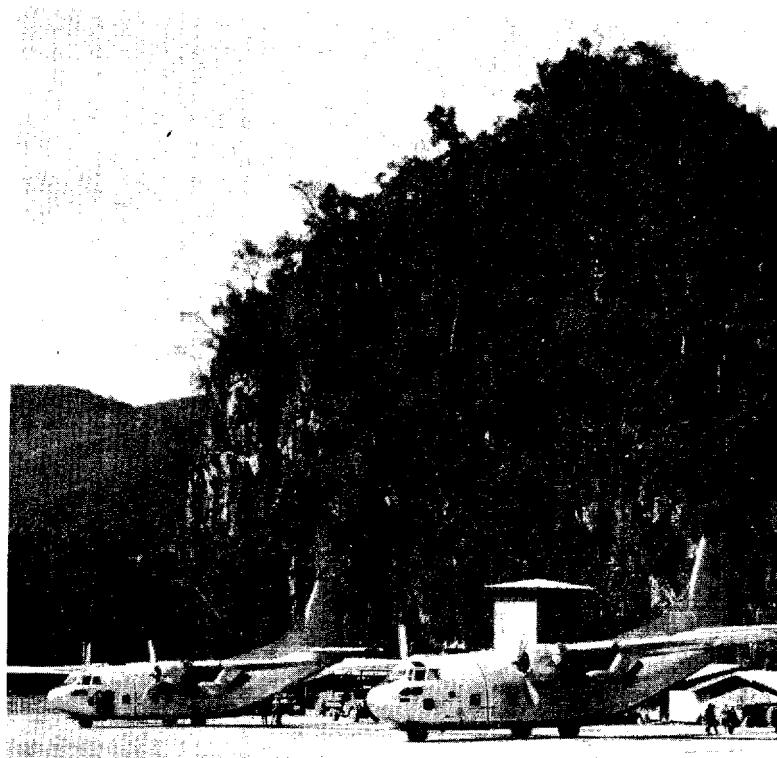
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LONG TIENG AIRBASE



T-28 flight line



Rock outcroppings near logistic facilities

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strengthen the local security forces. A government operation to secure defensive positions northeast of the royal capital appears to be faltering, however. An irregular battalion attempting to reoccupy the northern end of the Phou Sane Thong ridge was driven from its positions and scattered by an enemy mortar attack and ground assault. The southern end of the ridge, taken on 21 February, is still in government hands.

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COMMUNIST CHINA - NEPAL - INDIA: China and Nepal are apparently considering increased trade, in part as a reaction to the impasse in Indo-Nepalese negotiations for a new trade and transit agreement.

According to an Indian official, Kathmandu will sell about \$1.7-million worth of rice and 4,000 tons of sugar to China this year in return for consumer goods.

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The reported Sino-Nepalese trade arrangements could be another step by Nepal to apply pressure on New Delhi to adopt a more cooperative approach.

Although the Chinese probably are willing to supply essential commodity support to Nepal, the Nepalese must be careful not to exceed the limits of New Delhi's patience, because Kathmandu's economy is closely linked with that of India. India is the major source of manufactured goods for Nepal, and Nepal's industrialization efforts depend largely on Indian agreement to accept Nepali products. Kathmandu's trade potential with other countries, moreover, is determined largely by New Delhi's policy regarding Nepal's transit rights through Calcutta. For their part, the Chinese perceive an opportunity to increase their influence in Nepal at little cost.

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USSR: Despite the publication of the five-year plan directives, an unusual degree of confusion still characterizes preparations for the 24th party congress, presently scheduled to open on 30 March.

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[redacted] the rescheduling earlier this winter of the preparatory republic congresses and important regional conferences was designed in some cases to permit prior publication of the plan directives. The delays and postponements continue, however, suggesting that political maneuvering in the leadership may also be involved. Only three republic congresses have taken place as originally scheduled. Others have been rescheduled two or three times. The most recent change was the announcement on 22 February that the Ukrainian congress would open on 17 March instead of 24 February.

Difficulties in working out the five-year plan may have been responsible for the rescheduling of the CPSU congress, which was apparently supposed to take place in early March. The original timing of republic congresses was probably predicated on an early March date for the opening of the 24th congress. The change in the date of the CPSU congress and delays in finalizing the plan would account for some rescheduling. It is possible that the alterations of the schedule may also reflect some differences over resource allocations in the draft plan. The postponements, some of which are quite lengthy, may also have been influenced by political uncertainties at the republic level.

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UNITED KINGDOM: Factionalism is beginning to develop in the labor movement over the tactics to be used to oppose the government's industrial relations bill.

The Heath government's bill is now slowly winding its way through the legislative process and is expected to become law this summer. Key provisions would make labor contracts legally enforceable, outlaw the "closed shop," and provide for cooling-off periods before strikes that could result in a national emergency. The controversy within the labor movement has been exacerbated by the government's anti-inflationary wage policy and the highest level of unemployment since 1963.

The moderate leadership of the Trades Union Congress (TUC), which has over 9 million members, has been under increasing pressure by militant unionists to move more aggressively against the government bill. Left-wing elements have pressed for TUC sanction of widespread strikes, but TUC moderates believe that unreasonable and disruptive protests by the unions will only increase public support for passage of the bill. TUC has scheduled a special meeting for 18 March to decide what action to take if the bill is enacted.

The Engineering Workers' Union, representing over one million workers, has already declared its intention to call one-day strikes on 1 and 18 March. TUC General Secretary Feather and other moderates have resisted pressure to call a general strike, but they have made concessions in other areas. A recent meeting of TUC's "inner cabinet" agreed to advise the member unions not to cooperate with the provisions of the bill if it becomes law.

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The "inner cabinet" has also decided to ask delegates to the 18 March meeting to seek assurances from the Labor Party that any future Labor government would be committed to the repeal of the bill. The Labor Party will find it difficult to comply with this request in the light of its own attempt in 1969 to reform Britain's chaotic labor-management relations.

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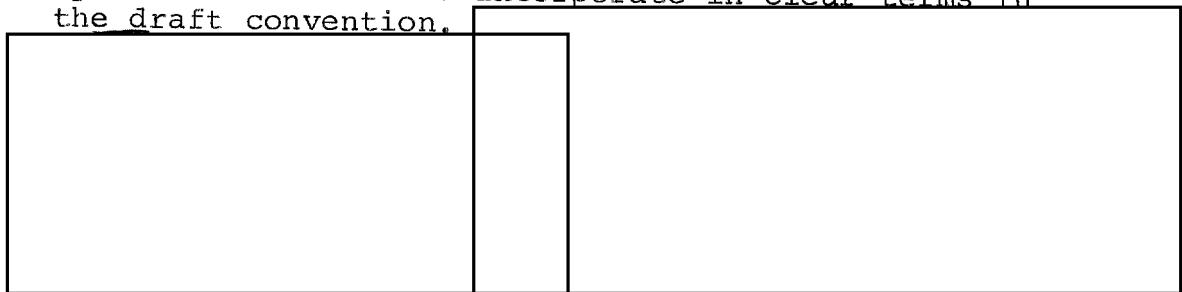
UN - OUTER SPACE: A recent Soviet statement has raised some hope that the impasse over the space liability convention can be broken this year.

The draft convention, intended to provide for compensation for damage caused by errant space vehicles, has been considered for several years in the UN General Assembly's outer space committee. Its completion has been delayed because of Soviet opposition to binding arbitration as a method of resolving disputes over damage claims and Soviet insistence that laws applicable to such claims must be those of the launching state.

Last week, Moscow informed the chairman of the committee that it would accept "as a basis for compromise" a Belgian formulation designed to settle the dispute over applicable law. Brussels' proposal would have compensation determined by standards of international law and the principle that damaged entities be restored to their original condition.

The Soviet note retains Moscow's opposition to binding arbitration and calls for only recommendatory awards by a conciliation commission. Many of the other committee members are likely to be wary of giving a swift, affirmative response to the note coupling the unresolved issues in such a manner. They appear inclined to test the Soviet position for any further flexibility before agreeing to a convention lacking binding award provisions. The Soviets have apparently conceded that a recommendation by the commission would not be subject to a veto by the launching state, a key point the non-space nations wish to incorporate in clear terms in the draft convention.

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TURKEY: The marked increase in terrorist attacks and student violence in recent days has sparked new rumors of imminent military intervention.

During this wave of violence, terrorists have bombed homes, offices, and police stations, burned cars, kidnaped a US airman, and shot police and-- perhaps inadvertently--a Turkish high school boy. At the same time, student clashes with police have intensified. Many urban schools and universities are now closed, some indefinitely. The militant left that is primarily responsible for the violence also appears to be better armed and to be using more sophisticated explosives than before. According to Prime Minister Demirel, the persistent student disorders in Turkey are being fermented and supported by "outside, international sources."

The terrorism has begun to take on the character of an urban guerrilla movement and is making the people edgy. Some appear to be resigned to the necessity of a military takeover as the price of restoring law and order. This anxiety could be partly responsible for the rumors that a military coup is imminent.

Prime Minister Demirel, whose Justice Party government was seriously weakened by intraparty conflict, faces a real dilemma. If he resorts to harsher police measures to control student radicals without the new legislation he is seeking, he will be charged with such repression as helped bring down the Menderes government in 1960. On the other hand, if he resorts to martial law, he will have admitted his government's inability to maintain law and order, and having invited the military to intervene he might find it difficult to return them to the barracks.

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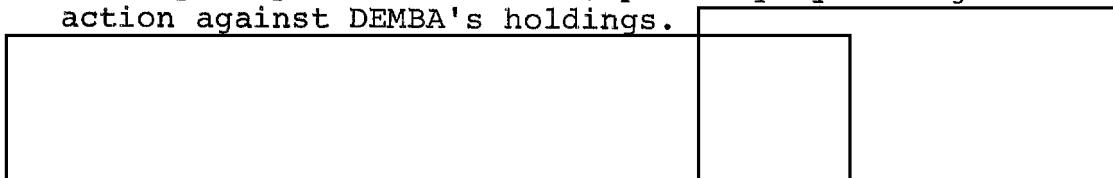
GUYANA: Prime Minister Burnham has begun nationalizing the bauxite industry.

In a particularly bitter and highly political speech yesterday, Burnham announced his intention to nationalize the Demerara Bauxite Company (DEMBA), a local subsidiary of the Aluminum Company of Canada (ALCAN). He accused DEMBA of wanting to "bleed the industry, the nation, and the people of Guyana." He is expected to propose nationalization measures in parliament sometime this week.

Burnham made a strong effort to assure the bauxite workers that their salaries would not be affected by the government's actions. He also offered to retain DEMBA staff members, "regardless of nationality." Burnham indicated that Guyana was prepared to operate the industry without the assistance of ALCAN, and said that there were "already two European countries who had indicated a positive wish to buy over half of the nation's total output.

Burnham's future course will be difficult. Nationalization is likely to have a dampening effect on future economic growth and disorders are possible as a result of labor agitation. Moreover, should Burnham be unable to meet salaries, workers could precipitate disorders, possibly by taking action against DEMBA's holdings.

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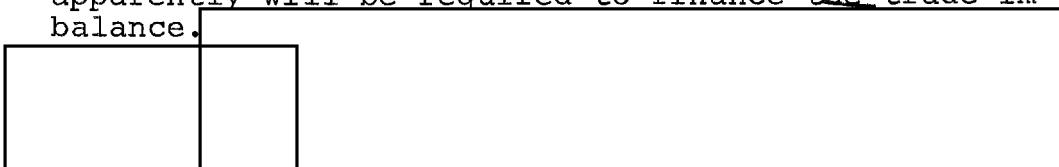
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CUBA-USSR: The trade protocol for 1971 calls for total turnover to rise by more than \$100 million from the approximately \$1.2 billion registered last year. Soviet exports apparently will have to account for all of this increase. There is little prospect that Cuban exports can be increased from the unusually high level of almost \$500 million in 1970, primarily because the sugar crop will drop from 8.5 million tons last year to less than seven million tons. The official announcement of the agreement gave no details on the commodities or amounts to be exchanged, but an expanded amount of Soviet credit apparently will be required to finance the trade imbalance.

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